

DEPARTMENT OF DEFENSE BLOGGERS ROUNDTABLE WITH JAMES CLAD, DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR SOUTH AND SOUTHEAST ASIA SUBJECT: INDIA MODERATOR: CHARLES J. "JACK" HOLT, CHIEF, NEW MEDIA OPERATIONS, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE PUBLIC AFFAIRS TIME: 11:00 A.M. EDT DATE: TUESDAY, OCTOBER 30, 2007

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MR. HOLT: And this is Jack. Who's joining me?

Q Hello. This is James Clad in the Pentagon, together with Major Upton and Dr. Amir Lateef (sp).

MR. HOLT: All right, sir. Well, I think we're probably just about ready here. We've got most everybody -- we've got quite a few folks that are on line. So --

MR. CLAD: Good. Can we hear from them? We -- I saw some background information on the people. It looks like an interesting group. MR. HOLT: Yes, sir, it is. So I'm going to call your name. Why don't you introduce yourself and your publication and kind of let Mr. Clad know who's on line with us here?

So Andrew, why don't you start us out?

Q Sir, good morning. Andrew Lubin here from U.S. Cavalry ON Point.

MR. CLAD: How're you doing?

MR. HOLT: Okay. And Bruce.

Q Bruce McQuain with QandO.net.

MR. CLAD: Thank you, Bruce.

MR. HOLT: And Austin?

Q Austin Bay. I write a newspaper column with the Creators Syndicate out of Los Angeles, but I blog at my own site, Austinbay.net.

MR. CLAD: Good I look forward to reading it.

MR. HOLT: And David Axe.

Q Hi, this is David Axe from the Aviation Week group.

MR. CLAD: Hi, David.

MR. HOLT: And Marvin?

Q I'm Marvin Hutchens with ThreatsWatch.org.

MR. HOLT: Okay. And anybody I didn't call? I think we've got everybody on line now.

MR. CLAD: Okay. As I say, we've got Stuart Upton, who I first met -- gosh, when was it -- February or March 2003 in Doha, and you can imagine where. And Amir Lateef (sp), who's my office director for South Asia. But it's a pleasure to have this arranged.

Some of you might be aware that I was a foreign correspondent for much of the '80s into up about '91, and wrote from Asia for many years for The Economist and for a magazine called The Far Eastern Economic Review.

And during the '90s, anyone who's run out of things to do, if you blog my name you'll see that there's a lot of work with CNN and BBC when I was sort of playing the think-tank game, and then I was at Georgetown. Very interested in the part of the world that I'm now working with, but obviously from another angle, in DOD. I don't want to speak for too long before I take your questions, but I wanted to just give you a sense of how the policy shop here in the Department of Defense has changed -- and, I think, changed in a very positive way, at least looking at the countries and the areas that I have a strong interest in.

I think one of the last things that Mr. Rumsfeld did was approve a plan to reorganize OSD, and within the context of that reorganization, parts of Asia that had been formerly matched with the Near East, with Middle East, were put together with a new office, which is Asia Pacific Security Affairs. The acronym is APSA.

And that Asia Pacific Security Affairs office is presided over by a full assistant secretary, and the White House only last week sent the name up of the fellow who's now the principal deputy assistant secretary, Mr. Jim Shinn, S-h-i-n-n, who has a very good career in Asia. Has primarily a strong background in East Asia, in Japan, Korea, China.

Under Mr. Shinn are three deputy assistant secretaries. Mr. David Sedney (sp), who does East Asia -- and I'll get to the definitions of the geographical areas; Mr. Mitch Shivers, S-h-i-v-e-r-s. Mitch does Central Asia. And then myself.

The terrain is defined as follows: Central Asia is all of the former Soviet republics, the 'Stans, plus Afghanistan, plus Pakistan. South Asia and -- South and Southeast Asia is defined to include all of the Asia that's east of the Indo-Pak border, all of the Southeast Asian states, Australia, New Zealand, and even the small Pacific Island states. East Asia is everything north of Vietnam -- China, Taiwan, the Koreas, Mongolia, and Japan. By way of that kind of intro to the policy shop, I'll describe the parts that have been giving me -- been providing the most interest to me.

I think, in a sense, it's fair to say -- you'd see this immediately if you blog me, that I was brought in primarily because of work that I'd done in the past with India. And the U.S.-India strategic potential is very, very profound. It's been slow in coming. I think it will be slow in coming in the future, but it is steady. The trend lines are unmistakable.

Next I would say the resuscitation, if that's not too bleak a word to use, of what was once a very deep relationship with Indonesia, is very much something that's on all of our minds here. And then the maintenance of probably the most deeply rooted alliance relationship we have in the world. You can argue the toss, whether it's Japan, whether it's Britain or whether it's Australia, but the Australian side of my workload, of my portfolio, is huge as well.

That doesn't mean that, you know, the counterinsurgency operations, global war on terrorism objectives in the southern Philippines don't matter or that smaller issues such as -- or smaller countries like Sri Lanka, where the opponent of the government is a declared terrorist organization, we've declared it, don't matter. But the big three, I guess, would be India, Indonesia, and Australia.

Amir (sp), do you want to add anything before we get into question time?

MR. LATEEF (sp): No, sir.

MR. CLAD: Let me just take a sip of coffee, because I'm losing my voice.

With India, again, I said the trend lines are pretty straightforward. The relationship has been overshadowed somewhat by the expectations that we will be able to conclude with the Indians a civil nuclear accord. (Off mike consultation.) But what's great about the India relationship is that there are a number of things going on which mean that unlike the days when, say, Mrs. Indira Gandhi was prime minister, you know, 20-odd years ago, even 10 years ago, a problem or what might just be a temporary glitch doesn't impede or slow down progress right across the board.

I guess the India relationship now -- (audio gap) -- comprehensive in trade, information technology, movement of peoples. There are 2 million Indian Americans now living in the United States.

But the relationship, in a sense, has kind of taken flight in that we can work with the Indians when things aren't going so well in another area.

With Indonesia, I think it's understood by people that follow Asia that we had made a decision back in 1992, as a result of Indonesian behavior in East Timor, to cut off FMF and IMET cooperation with the Indonesian military. We did not resume formally a full mil- to-mil relationship with the Indonesians until December 2005. So much of what's happened, and you can argue the same situation with Pakistan, where the Presser Amendment in the early '90s required us to cease mil-to-mil contacts with the Pakistanis. We're now finding with Pakistan, with Indonesia and a number of other places that we have to kind of hurry to regain some ground that were lost. I mean, things that long, especially with Indonesia, I mean, you're talking about not just one, but several generations of officers who aren't familiar with American ways of thinking.

Beyond that, of course, it's probably the world's most strategic archipelago -- 3,000 miles of islands straddling, you know, the Indian Ocean and the Western Pacific, largest Muslim country, and a reforming democracy on top of that. So big equities there, and also (GWAT ?) interests as well, as you're all aware.

I guess finally the Australians, the relationship there is multi-faceted, recently reinforced by President Bush and Prime Minister Howard at the APEC meeting last month in Sydney, where, you know, the range of activities, cooperation -- and, frankly, just an ability to understand one another and to work with great candor and confidence -- is high on our list. It's the southern anchor, sometimes described, of our security arrangements in the Pacific, and it's an anchor that we want to keep just as strongly grounded for us in the future as it is now.

So that's it from me as far as a kind of broad intro. Any questions you guys have are most welcome.

MR. HOLT: Thank you very much, sir.

And Andrew, you were first on line, so why don't you get us started? Q Great. Thank you, Mr. Clad. Andrew Lubin from U.S. Cav ON Point.

That's a pretty broad AO, but I'm going to stick with India for the question, if you don't mind.

MR. CLAD: Totally welcome.

Q Great, thanks. Is Kashmir still the flash point between India and Pakistan, or have they moved past that onto simple -- onto the normal Hindu/Muslim problems and who's got nuclear superiority?

MR. CLAD: Well, a really good question, and I could probably bore everyone to death by, you know, going on for long minutes with it. If you have the opportunity to Google me or look at some of the background, I used to write a lot about Kashmir, both as a working correspondent and then later when I was at Georgetown.

The other thing to point out also is that when it comes to American interest in the diplomacy over Kashmir between Pakistan and India, that generally tends to be the preserve of our brothers at the State Department, and is reasonably closely held. However, I'm very happy to speak about it because -- this is reasonably well known between the two governments.

One is that certainly in recent years the India and Pakistan governments made real efforts to try to isolate and contain the ability of Kashmir in earlier years to bring even minimal relationships between the two countries to a screeching halt.

So there is a process, it's -- it's institutionalized in eight or nine committees that meet the usual structure of the people trying to take apart a problem and look at it in its constituent elements -- transport, family reunification, people-to-people contact, you know, vital services, border -- of course, they don't have an agreed-upon border, but there's a line of control there.

On the other hand, I think it's also very clear that Kashmir was, and remains, especially to Pakistan, what I would call a definitional issue. That is to say, Pakistan feels -- ever since '47 right up to now, that it is incomplete. That the movement of the -- what was once the Princely State of Jammu and Kashmir into the Indian Union was a trick -- it was against the wishes

of the inhabitants, it rightly belongs in Pakistan. So, you know, you don't have to scratch very deeply to find that sentiment.

I think that, you know, it's been also overshadowed by a number of things, some of which are contradictory, but broadly point the countries toward a type of collaboration. You know, Pakistan's pretty fully tied-up with, you know, difficulties -- their western border area; they're pretty much tied up with what, you know, have been obviously a very robust political scene domestically. So they're not -- it's not really in their interest to have, you know, difficulties on the eastern border right now. This is to be welcomed and we hope it continues.

The question of the nuclear armaments of those countries is obviously one that people in the region -- and people from outside, including this country, follow very closely. After all, there's no warning time if something gets underway -- heading by missile, or other delivery systems, in the other direction. And the question of how well-prepared both countries are to deal with that kind of environment is something that must interest all of us. And so we, at the appropriate level, speak to them about what they have in mind as they go ahead and weaponize.

But that's -- that's by way of a first answer. If there's anything specific, go ahead.

Q That's great, thanks. We have too many people for that.

MR. HOLT: Okay.

And, Bruce.

Q Bruce McCuain with qando.net. I'm going to ask an overly- broad question, probably, and you select exactly how you want to answer it. But how would you characterize our relationship right now with India? And, how was that affected with our necessity to maintain the close ties we must with Pakistan right now?

MR. CLAD: Yeah, you know, you asked, in one sense, a kind of really obvious question. But when it say "obvious," what I mean is it's one that, you know, has such an impact on, you know, ability to do things. I mean, it doesn't take a genius to see that there are things that we talk about with Pakistan that we couldn't, and shouldn't, share with the Indians, and vice versa.

Now part of that is normal statecraft. You know, a country that talks to us doesn't expect to have its messages passed on to anybody else. So some of that's, you know, very obvious. But some of it is, you know, it's a very hard balancing act.

And I think there's a couple things I'd point out, is it's always been hard -- it was hard in the context of the Cold War, but it was easier because the Indians, in that stage, had made what was pretty clearly now, in retrospect, the wrong decision. In the Cold War they'd chosen the wrong economic model. They chose a model which, kind of, lashed them to the Soviets so that when the Soviets, for example, invaded Afghanistan, you know, the Indians were in favor of this, and looked very isolated as, indeed, they were.

So it was a policy of, kind of, self-imposed isolation masked by idealism that, you know, we really didn't have to worry about very much. It

wasn't a big vibrant economy in the world -- it wasn't much of a presence, let's put it that way. But now the equities are different. I think it's fair to say, and it goes back to the previous administration as well as this present administration, that the importance of India -- in the ways that I was trying to describe a moment ago with the other question, or, rather, in my introduction -- is such that know, you know, just in terms of trade, in terms of presence in Asia, in terms of self-sustaining economic development, that India simply must, as a long-term consideration, matter more for us than Pakistan.

And when I say that, what I want to stress is that, you know, people have spent a lot of time thinking about how you can adequately describe one country and the other. I think the preferred formula now is to describe Pakistan as a -- as a country that's very significant within its region, modernizing as well, and that we hope will return to the democratic past and elections are scheduled.

(Off mike consultation.)

STAFF: (Off mike.) The war on terror.

MR. CLAD: And also the extraordinarily important partner in the war on terrorism.

India, I think, is seen as potentially a power with global reach, a country that is, you know, not just confined to the subcontinent, or largely confined to the subcontinent, but is a major player in pan-Asian power considerations, and in presence in the world marketplace, is, you know, clearly heading in that direction.

So that's how we try to distinguish the two.

Q Thanks. MR. HOLT: Okay.

Austin.

Q Okay. Actually, this goes into about three different questions. I'm going to ask the first one, and if we have time, I'd -- the other two are really follow-ups.

Australia, Singapore, India and the United States, do we have a basis here for a -- I was going to say CITO, but that was a pretty scarred -- a pretty scarred treaty organization -- do we have a basis here for a NATO-like defense alliance, in your estimation?

MR. CLAD: I just want to make sure I got the constituent members here, of this proto-alliance. Was it Australia, Singapore, India and the U.S.?

Q That's right.

MR. CLAD: Okay. I think what we want to do is be very careful about this. When I was in India most recently -- and I've asked Major Upton (sp) to send you some stuff, which the Indian press picked up and to my astonishment actually kind of got just about all right. Sorry?

STAFF: (Off mike.) Jack has it.

MR. CLAD: Jack has it -- good. Jack, maybe you can send it on.

But I got some of the same questions there because the -- some of the press had gotten excited about a five-nation exercise in the Bay of Bengal called Malabar.

Q Mm-hmm. That's one of the reasons I'm asking.

MR. CLAD: Yeah, sure. Well, you know, I think both the right answer to that, the safe answer -- and the correct answer, it's always nice when both coincide, is that, you know, this is an over -- Asian security is defined by overlapping interests, therefore, by overlapping patterns of activity. Old structures like alliances not only, kind of, reek of the Cold War, if not 1914, but also kind of like missed the -- missed the point that, say, with a naval exercise like that, it's necessarily aimed at common interests, which are security of sea lanes, that type of thing.

It doesn't pin another country down. Every navy has an inherent interest in learning how another adjacent navy -- or even further afield works. So what is interesting about it is that these newspapers fell for what is clearly a propagandistic approach, which suits -- and I'm not going to mention other large countries in the region, but there are countries in the region that chose -- repeat chose -- to see this as something that's somehow unsettling and disturbing.

Whereas, in fact, that self-same country has participated in other multilateral exercises as well. And the whole thing, on the naval side, is very fluid. So the short answer here is, we want to work with people who share a great range of interest with us. We're not asking for identity of interests, and we're certainly not looking for an alliance with anybody out there because, frankly, it sends the wrong signal. An alliance is about a real or potential opponent.

We don't see any real or potential opponents out there, but we also see the need to continue to have overlapping efforts like this because the net result -- the net result -- of all this thing is a type of equilibrium which enhances stability.

Q All right. Well, can I have a follow-up with that?

MR. CLAD: Of course you may, sir.

Q All right, well you said -- I missed the way you worded that, that alliances figure "a real or potential opponent." Let me go the potential opponent -- and it's one that the Office of Net Assessment began talking about as a near peer opponent of the United States, in a military sense, in the early 1990s -- and that's, that's China. Is India a potential balance to China?

MR. CLAD: I think that it's useful to see things in a fluid way, and in a way where I think our involvement with India tends to make it clear that there is an equilibrium in Asia, that no particular country should behave as if it's predominant. I think that's really the thing to go for. I think the idea of identification of a potential threat -- after all, we're all in that business and if we didn't do that we wouldn't be doing our business as Department of Defense.

But to say that that is our opponent is to take a very big extra step and it would fly in the face of very important efforts between China and the

U.S. to make sure that the militaries of each attempt to understand each other. In fact, we regret the Chinese are not able to provide not just to us but to the world a system which is sufficiently transparent so we can work out what precisely the GDP is. That's why we have a new gentleman who know this very well -- the annual report on Chinese military power that goes up to the Hill which for our point of view in the policy is actually very helpful, not just in that it helps identify things and track such things as third generation solid propellant missile capability and that sort of thing but also it helps us stay in touch with other countries in the region which are busy performing their own threat assessments and, you know, welcome a chance to exchange views and actually the report has been very helpful in that countries large and small have welcomed the people who participated in that report to the region and have discussed, you know, comparative sense of where the Chinese are going.

All of that is very good in the absence of the kind of transparency that we would hope the Chinese would eventually reach. But I wouldn't agree that it would be useful to be overt about that. I think to talk in terms of enmity and to draw lines is to guarantee the result that you're seeking to avoid.

Q Thank you.

MR. HOLT: All right. David Axe?

Q Sir, so how do you think India's military modernization -- is it keeping up with its sort of growing global role?

MR. CLAD: Again, a mixed response and again, it's, you know, we're only observers and the idea that we've got the magic answer here in Washington would be a mistake because genuinely, you know, even a system as comparatively transparent as the Indians' there are some parts of it that clearly they wish to keep to themselves properly so just as we do, and secondly, you know, we can't be omniscient -- we can't know where everything's going at one step.

But we think that they are moving in a direction that clearly is going to extend their capability beyond just the subcontinent. They do it for a variety of reasons but clearly the trend lines are pointing that way. Any specific questions you have can either be addressed to me or to Amer Latif who's here to perhaps even supplement my answer right now if you've got any thoughts.

Q Yeah, I'll follow up on that -- I mean, specifically naval capabilities. Are we -- I know there's -- they really struggled with a shipbuilding program and are you seeing that they're -- are they going to manage to pull together a fleet that's more than just, you know, glorified coast guard?

MR. CLAD: My colleague's name is Amer, A-M-E-R for Robert. Latif spelling is L-A-T for Tom, I-F for Fred.

MR. LATIF: Hello. Just to follow up on the question with regard to India's naval capabilities, you are correct in that India has a capital fleet that is mostly comprised of Russian vessels and the Indians have also realized that in order for them to be able to be a true naval power that they have to have some indigenization of their own naval capability. So my answer to you, Indian Navy I think has realized that there needs to be some modernization of their fleet and in order to do that they're going to have to diversify the sources of naval assistance that they get in the future.

You are correct in that the current naval shipbuilding infrastructure is not up to what we would call standards here in the United States. However, I think the Indian Navy probably among all the services is one of the more forward leaning of the services and has recognized that it's going to have to partner with other countries in order to be able to diversify and build up its naval capabilities. So, you know, the other dimension to this issue is, of course, the professional nature of the navy itself. Its personnel acquitted themselves quite well during the Malabar exercises -- have proven themselves to be able seamen so I think that they've got a good foundation for developing this naval capability in the future, and we very much look forward to working with them on a variety of different areas.

MR. CLAD: You know, one thing too I just -- (inaudible) -- say here is you recall my opening remarks. You know, the relationship with India I said remember it moves slowly and methodically but definitely in one particular direction.

The naval cooperation is a very interesting example of something that goes back really beginning the late 80s and given some real impetus first -- the first gulf war, right? Where while the Indian Navy was conspicuous by sort of basically staying in Bombay and, you know, the -- that's right, but again some of the passing exercise stuff began in the early 90s but it really, as Amer reminds me, really became more consolidated in both India's and United States' response to the tsunami disaster, which of course occurred in 2004.

Q Thank you very much.

MR. HOLT: All right. And Marvin?

Q Thank you. This is Marvin Hutchins with ThreatsWatch.org. Along the same lines on the naval issue has there been any progress on getting the U.S. fleet access to ports there, and do you think bringing, you know, about greater access and any kind of -- (inaudible) -- agreements with aid in there both economic and their infrastructural progress for their navy?

MR. CLAD: You know, again, really great questions. The fleet access is something I'm very pleased to say is not an issue. In earlier days, you know, you could almost sort of guarantee to spook a crowd by mentioning the U.S.S. Enterprise, you know, that passed into Indian myths that -- Henry Kissinger had sent the Enterprise into the Bay of Bengal to try to prevent the liberation of East Pakistan as it was then called and, you know, that was the Indian word for the war that created Bangladesh.

But, you know, we recently had the Nimitz in Madras -- now called Chennai -- and apart from kind of almost pro forma squawks from the communists -- you know, we often sometimes forget that some of the world's few electoral communist parties are there in India -- that, you know, talking about sovereignty the visit was an enormous success -- greeted with great interest by the people of the city, garnered national attention. We have in addition recently passed a vessel which was refurbished and passed to the Indian Navy. The former name was U.S.S. Trenton. It's now called the what?

MR. LATIF: The Jalashwa.

MR. CLAD: The Jalashwa, and we can spell that for you if you want. Do you want to do that? MR. LATIF: The Jalashwa is spelled J-A-L-A-S-H-W-A.

MR. CLAD: Got that? J-A-L-A-S-H-W-A.

MR. LATIF: Indian Naval Ship -- INS.

MR. CLAD: Jalashwa. And this is a substantial vessel which has been very well received in Indian naval circles and this is the type of thing that we are doing with them so from both the point of view of access -- from the point of view of Indian defense, thinking about what it needs to do to refurbish its navy to, in particular, the shipyards. American corporate firms are very prominent in evincing interest in responding to some of those RFPs. So actually I see the naval dimension to many -- (audio difficulty) -- Indians as one of the most existing and potentially rewarding areas working right now.

MR. HOLT: All right. Any follow-up questions?

Q Yes, I have one. Mr. Clad, Andrew Lubin again from ONPoint. Sir, the relationship we have with China seems to be commercial only and otherwise at arm's length. Do you see us building relationship with India that goes beyond the military -- that goes more cultural, democratic and educationally oriented -- more of a true relationship?

MR. CLAD: Well, forgive me -- this is no observation of your particular questions, but that really is a very soft question because this already exists. You know, you could in the earlier days -- again, as I talked about days when India had marginalized itself by making the wrong choices during the Cold War -- had chosen the wrong economic model -- those days are well and truly past, and those days are very permissive now -- I mean, the contemporary relationship is very permissive of a range of things, not just within the government to government context -- and I was telling you a moment ago that the important thing about our defensive security relationship which does involve training, involves reciprocal visits, it involves people not just from the naval but from the other services routinely visiting, involves exchange of strategic views.

We have sets of bilateral defense discussions with the Indians which -- two of which are coming up pretty soon. But, you know, and that can be kept apart from, you know, discussion about the civil nuclear accord. That's within the bilateral government relationship. But looking beyond, you've got a situation where major American corporates, you know, are very much in place in India. You hit a golf ball on the Bangalore golf course and that ball, unless you're careful, is going to go right through a window of IBM, which is right next to Infosys, which is an Indian firm staffed by Indian-Americans who are also listed in the New York Stock Exchange. So it's a much bigger relationship. And I actually think that what we're seeing now is a very belated, kind of like left-far-too-long move where India in its external presence in the world in trade, in commercial areas, in defense and security, in formal diplomacy, is kind of rounding out its relations with the rest of the world which were tilted too much toward the Russians before. And I think the Indians speaks in those terms, too. That's what makes it such an interesting portfolio to have because we're coming into something that naturally there. It's like a seat which is already at the table and we're sliding into it -- not displacing others, but in a sense rounding out the Indians' own ability to maximize leverage and to be as independent as they can be in procurement decisions, in whom they choose to exercise with. And we feel pretty confidently that it's increasingly in our direction because of the quality of defense materials produced here, because of what we do in the world.

MR. HOLT: All right. Anything else?

Q I'd like to ask one more if possible.

MR. HOLT: Sure.

MR. CLAD: (Inaudible) -- we're fine for time.

Q This is Marvin Hutchens, again, with ThreatsWatch.

Along the lines of the relationship, one of the things that we'd all like to see is India continuing in a path of -- toward prosperity instead of the wrong decisions as you described them before. Are you seeing progress on the front of -- on economic terms, being able to open up bond markets and things like that for their corporate infrastructure or their municipalities and that kind of thing?

And then on kind of a side issue is, are they making progress in the decision-making side that says politics is going to work for them, that they're going to be able to choose the U.S. or Germany for nuclear cooperation and things like that and not get in their own way yet again?

MR. CLAD: Well, again, you flatter me with the question that -- certainly bond market liberalization is probably not at the top of my in tray every day, at least in this building. If it was, I'd probably be asked to move on.

But I was a financial writer and did follow that stuff and am interested not just in what I do but in the overall relationship, and in that sense, as a kind of escaped academic, I guess you could put me, I could say very much so -- it's fitful. The thing to understand about India -- and I use the expression so much that Amir's (sp) eyes glaze over when I say it, which is we have to chart the golden mead between elation and despair. And you know, before I had this job when I was in India I would watch how the corporates would come in, get excited, and then things didn't proceed at a pace that satisfied the shareholders looking at quarterly results, and then some of them would, you know, up stakes and leave.

Things proceed at a mannered pace, consistent with this huge country, its surprisingly vibrant and often exasperating electoral and parliamentary system, but they do proceed. I mean, to give you an example, now, we have, I think -- what's the figure, Amir (sp)? We almost have over 50 defense corporates -- 52 defense corporates from the United States represented in India in one form or another. Some of these are, you know, pretty major "high street," as the British say -- you know, establishments like Boeing, Northrup, Lockheed Martin, Honeywell, General Electric, Raytheon. Some of them are, you know, brass nameplates, agency arrangements. That's a lot.

Now, will all of them be there in, you know, two years? Maybe not all, but I think some have begun to learn the lesson that you can kind of trust in the trend and to make those investments. It's a difficult system -- procurement in particular; lot of different players -- but it is the largest external announced defense procurement budget in the world, and people are obviously interested in this. And we have two major firms -- you know the ones -- interested in the RFP for 126 multi-role combat aircraft, and that's going to be played out, I can guarantee you, for a long time to come. But there are other things in play too, which make it an interesting market.

The politics question -- I think somehow India has institutionalized this business of an absolutely rigid attachment to the fair counting of recurrent state and what they call "union" -- meaning federal -- elections. And you're just going to see a lot of parties.

You know, we could be looking at a change of government in the next 18 months or so. But that is a type of political system to which I believe they're completely attached, and the idea that we're going to get more "efficient" politics, whatever that means, I think is a bit of a dream.

MR. HOLT: Okay. And sir, do you have any closing thoughts for us?

MR. CLAD: Well, I just want to thank you for arranging this and also for the people for taking an interest. I know that in the context of the things that are playing front page, this seems to be kind of slightly mannered, kind of middle-distance stuff. But I wouldn't have taken the job if I didn't feel and if my staff didn't feel that we were playing for results that will I think really enhance American and global security well into this existing century.

These things may seem minimal; sometimes they seem to be kind of like a diplomatic point or, you know, the odd naval exercise and you think, what is this really about? Well, it's about maintaining a type of equilibrium, about accepting India's rise into a type of maturity and power and prowess that I think we broadly welcome.

I would just close with the following thought: I know that someone asked earlier about whether we would wish to identify China as an overt competitor in a defense and security sense, and we don't. But I think it is absolutely true also that there's no question but the Indians are not now and do not contemplate really making an effort to deny us in any part of the world, to make an effort at strategic denials against the United States. I think that that's simply not in the cards, no matter what their defense capability profile might look like five or 10 years from now. I don't think that's absolutely the same thing that one could say about other countries in the region. And so when you're looking at size and potential, I think you look at the trend lines and look at -- and stop worrying about the pace of change and really look at the way in which we can facilitate trends that are already working in our favor. And I think in India for sure, and I think again in Indonesia and Southeast Asia, those are beneficial trends.

MR. HOLT: Thank you very much, sir. Deputy Secretary of Defense Mr. James Clad, the deputy assistant secretary for South and Southeast Asia.

Thank you for being with us on the bloggers' roundtable today. We really appreciate your time, sir.

MR. CLAD: Sure. No problem. Anytime you guys want to do that, we can do it.

MR. HOLT: All right. Thank you very much.

Q Great. Thank you, sir. Very good -- very good time.

MR. CLAD: Thanks.

END .